



For Immediate Release:

Vertex Mid-Year Report Shows Sales Tax Rates and Rules Changes Poised for Record Year

Report reveals rapid acceleration of new tax laws as city and district taxes continued to spike in July

KING OF PRUSSIA, PA – August 23, 2021 – [Vertex, Inc.](#) (NASDAQ:VERX) and its subsidiaries, (“Vertex” or the “Company”), a global provider of tax technology solutions, announced its Mid-Year Rates and Rules Report indicated that new district sales taxes rose rapidly for the first half of this year. Cities are also enacting a higher number of new sales tax rates and changing rates more frequently. These trends have continued through July.

“Indirect tax teams need to keep on top of new and shifting rates as the pandemic continues to affect tax revenues,” said Vertex Chief Tax Officer Michael Bernard. “Despite receiving federal aid to the tune of about \$350 billion in March of 2021, we saw a flurry of activity from state and local legislatures just before they left for summer recess. Certain states who rely on taxes generated by energy, transportation, and tourism in particular, still face significant budget gaps. For all of these reasons, we expect the frequency of new and changed city and district sales taxes to continue.”

Tax professionals should note the following:

- **New district-level sales tax rates poised for a record year:** Through June 30 of this year, 127 new district taxes have been enacted, up from 88 for the first six months of 2020.
 - In July this trend continued with 36 new district taxes enacted.
- **New city sales taxes are not far behind:** For the first six months of 2021, there were 23 new city taxes that went into effect.
 - In July alone, 22 new city taxes went into effect (one short of the total of 23 for the first six months of 2021).
- **Changed city sales taxes rose sharply in July:**

- In July there were 54 city rate changes, (up 32 from the average of 22 per month for the first six months of the year).

Tax policy realignment is already underway due to the pandemic and will likely bring more significant legislative changes. Tax authorities can raise tax rates or expand the tax base; taking both actions risks potential backlashes among taxpayers. More tax jurisdictions are leaning toward base expansion in a post-*Wayfair* environment. According to Bernard, “Compared to income and property taxes it’s far easier to administer, collect and audit sales tax since there are fewer exemptions and collections happening on a more frequent basis.”

Various forms of digital taxation (potentially enacting new taxes for streaming video and music services) are likely to feature prominently in near-term tax policy discussions. “U.S. policymakers on both sides have proposed or are considering the taxation of companies in the form of digital advertising, social media, and data taxes after Maryland enacted the nation’s first tax on digital ads earlier this year,” added Bernard.

Over the last two decades, e-commerce has taken over a large portion of total retail sales, but the pandemic accelerated that growth even further. According to the Adobe Digital Economy Index, global e-commerce sales grew by 38% year-over-year in the first quarter of 2021 compared to the same quarter in 2020.

While the European Union introduced new e-commerce VAT legislation in early July, the G20 met to discuss a range of fiscal and economic issues including progression of the OECD Inclusive Framework (IF) and the majority of IF members agreed to a path forward for international tax reform, addressing a growing digital economy, as well as the potential for a global minimum tax.

[Click here](#) to view Vertex’s 2021 Mid-year Sales Tax Rates and Rules Report.



About Vertex

[Vertex](#) is a leading global provider of indirect tax software and solutions. The company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides cloud-based and on-premise solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,200 professionals and serves companies across the globe.

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